

Product Description

Fannie Mae's conventional HFA Preferred™ product allows a 97% loan-to-value (LTV) ratio with low mortgage insurance coverage requirements. This product must be layered with Minnesota Housing's [Start Up](#), [MCC \(with First Mortgage\)](#) or [Step Up](#) programs and the more restrictive product terms listed on this Product Description apply.

PARAMETERS	REQUIREMENTS	
Eligible Minnesota Housing Program(s)	<ul style="list-style-type: none"> Start Up Step Up 	<ul style="list-style-type: none"> MCC (with First Mortgage)
Loan Terms	<ul style="list-style-type: none"> Purchase Refinance option with Step Up Fixed-rate 	<ul style="list-style-type: none"> Fully-amortizing mortgages 30-year term
Eligible Occupancy	Owner-occupied	
Mortgage Insurance	<ul style="list-style-type: none"> 18% for LTVs > 95% and ≤ 97% 16% for LTVs > 90% and ≤ 95% 12% for LTVs > 85% and ≤ 90% 6% for LTVs > 80% and ≤ 85% 	
Eligible Property Types	<ul style="list-style-type: none"> Single-family Duplex Planned unit developments (PUD) Approved condos Community land trusts (requires manual underwriting) 	
Ineligible Property Types	No manufactured housing or co-ops	
Ownership of Property	Borrower may not have an ownership interest in any other residential dwelling at the time of closing. (A manufactured home, regardless of the type of property ownership, is considered a residential dwelling for this purpose. Ownership in a timeshare is not.)	
Income Requirements	Minnesota Housing's Start Up/MCC/Step Up income limits	
Minimum Credit Score/ Maximum DTI/LTV	LTV ≤ 95%	LTV between > 95% and ≤ 97%
	<ul style="list-style-type: none"> 640 FICO/45% DTI 660 FICO/45% DTI (Compensating factors may allow for up to 50% DTI with DU Approve/Eligible recommendation. DTI may not to exceed 50 %.) 	<ul style="list-style-type: none"> 680 FICO/45% DTI (Compensating factors may allow for up to 50% DTI with DU Approve/Eligible recommendation. DTI may not exceed 50 %.)
Maximum LTV/CLTV	<ul style="list-style-type: none"> One-unit: 97% / 105% Two-unit: 95% /105% 	

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Desktop Underwriter [®] (DU [®])	<ul style="list-style-type: none">HFA Preferred[™] is available through DU[®] using the "Additional Data" screen; select "HFA Preferred."DU[®] recommendation of "Approve/Eligible" is acceptable.DU[®] recommendation "Refer Eligible" or "Refer with Caution" requires manual underwriting.Qualifying ratios and reserve requirements are determined by DU[®].		
Loan Prospector [®] (LP [®])	Not allowed		
Manual Underwriting	LTV ≥ 95%		LTV between >95% and ≤97%
	<ul style="list-style-type: none">DU[®] manual underwriting allowed. Lender may manually underwrite HFA Preferred[™] mortgage even if such mortgage was previously submitted to DU[®].See Fannie Mae Eligibility Matrix for MCM manual underwriting.Maximum CLT remains at 105% as long as the secondary financing is an approved Community Seconds[®] loan.		Not allowed
	One-unit	Two-unit	
	<ul style="list-style-type: none">680 FICO/≤36% DTI700 FICO/≤45% DTI	<ul style="list-style-type: none">700 FICO/≤36% DTI720 FICO/≤45% DTI	
Minimum Borrower Contribution	<ul style="list-style-type: none">One-unit: \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing DPATwo-unit: 3%		
Downpayment and Closing Cost Loans	<ul style="list-style-type: none">Community Seconds[®]Start Up loans: Monthly Payment Loan, Deferred Payment Loan, Deferred Payment Loan PlusStep Up loans: Monthly Payment Loan		
Reserves	None		
Maximum Seller Contributions/Interested Party Contributions	<ul style="list-style-type: none">3% max for LTV greater than 90% (3% max CLTV for loans with DPA)6% max for LTV less than or equal to 90% (6% max CLTV for loans with DPA)		
Homebuyer Education	Required of at least one borrower, if <u>all</u> borrowers are first-time homebuyers.		
Special Feature Code (SFC)	Use SFC 741 and SIC 088 to identify HFA Preferred [™] loans.		
Underwriting Guidelines	Unless otherwise stated in this product description or a U.S. Bank MRBP bulletin, refer to Fannie Mae’s underlying product guidelines.		
Conventional Loan Delivery Fees	Zero LLPA (Loan Level Price Adjustment)		

